

**MICHIGAN DEPARTMENT OF COMMUNITY HEALTH**

**BUREAU OF HEALTH SYSTEMS**  
**Division of Licensing & Certification**  
**SUBSTANCE ABUSE LICENSING SECTION**  
**P.O. BOX 30664**  
**LANSING, MI 48909**

**PHONE: (517) 241-1970**

**FAX: (517) 241-3354**

**HOW TO APPLY AND PREPARE FOR LICENSURE**  
**TO OPERATE A SUBSTANCE ABUSE PROGRAM**  
**IN MICHIGAN**

**April 2004**

## **AUTHORITY FOR PROGRAM LICENSURE:**

Public Act 368 of 1978 mandates the promulgation of administrative rules for the licensing of substance abuse service programs (Sec. 6231[1]). Furthermore, the act provides that:

“The rules shall apply to a public or private firm, association, organization, or group offering or purporting to offer specific substance abuse treatment and rehabilitation services or prevention services, and which receives or requests public funds, patient fees, third party payments, or funds through public subscription for the treatment, rehabilitation, or prevention of substance abuse.” (Sec. 6231[2]), and

“The rules shall not apply to an individual licensed by this state to provide medical, psychological, or social services. The licensee may voluntarily apply for a license to provide substance abuse treatment and rehabilitation services or prevention services. To receive state or federal funds for substance abuse treatment and rehabilitation services or prevention services, a person shall obtain a license under this part.” (Sec. 6231[3]), and

“A person not otherwise licensed to provide psychological, medical, or social services shall not establish, conduct, or maintain a substance abuse service unless it is licensed under this article.” (Sec. 6233[1])

## **PROGRAM PROVISIONS:**

**INDIVIDUALS** licensed to provide medical or psychological services, are not required to have a substance abuse program license. Any **GROUP**, regardless of any other licenses they may have individually or collectively, must be licensed if they are offering a system of organized substance abuse services. (Licensing Bulletin #8, 1/90)

**INDIVIDUALS OR GROUPS** intending to receive state or federal funds must be licensed.

Any **LICENSED INDIVIDUAL OR GROUP** desiring to screen persons referred by courts under Act 309 of 1982 must be designated by the SAL Section for this purpose.

A **Temporary Permit** (90 day--nonrenewable) will be issued when additional time is needed for a program to achieve compliance with applicable rules.

A **Provisional License** may be issued in lieu of denying an application for a license. The Provisional License allows the development of services while working on rule compliance issues.

A **STANDARD LICENSE** is issued for programs which are in compliance with applicable rules. A **DESIGNATION** is issued to Courts and to programs which take court referrals for screening and/or assessment.

## PROCESS TO BE FOLLOWED TO OBTAIN A SUBSTANCE ABUSE LICENSE

1. Request a license application, in writing or by phone or FAX, from the Substance Abuse Licensing Section (SAL) at P.O. Box 30664, Lansing, Michigan 48909, phone (517) 241-1970, FAX (517) 241-3354. The following information should be provided with the request:
  - a. Legal name, address and phone number of the organization that desires license, and where the newly licensed program will be located, if different. All treatment licenses are site specific; therefore, each program location will need a license. However, a prevention *only* license allows for services to be provided statewide.
  - b. Name of the contact person in the organization for communication purposes. Include the phone number and address of this person, if different than the organization.
  - c. Type of substance abuse license requested. (Inpatient, Residential, Residential-Detoxification, Outpatient, Prevention, Methadone Treatment and other Chemotherapy or Screening, Assessment, Referral and Follow-Up) See the definitions in Attachment #1 to make this determination.
2. The Substance Abuse Licensing Section will send you a license application kit with the following materials:
  - a. A cover letter
  - b. The *How to Apply for Licensure* booklet.
  - c. *An Application for a Substance Abuse License*.
  - d. *Administrative Rules for Substance Abuse Service Programs in Michigan*.
  - e. *Model Recipient Rights Policies and Procedures*.
  - f. *Federal Confidentiality Regulations: 42 CFR Part 2. Confidentiality of Alcohol and Drug Abuse Patient Records; Final Rule*
  - g. Summary of Federal Confidentiality Regulations.
  - h. P.A. Act 368 of 1978, Article 6, *Substance Abuse*.
  - i. P.A. 224 of 1987, that allows, under certain conditions for a program to provide treatment services to minors without the parental consent.
3. Estimate the length of time it will take you to prepare for your first licensing site visit. This will probably be based on the type of organization you have and the requirements in the licensing rules. For example, if you have several employees but no personnel policies, you will need to develop these policies prior to having a site visit. Call the SAL Section with any questions (517) 241-1970.

Please keep in mind that when the Section receives your completed application, it is assumed you are ready for a licensing inspection. However,

because of ongoing licensing activities, it may take several weeks for a licensing consultant to get to your site for the inspection, if an on site inspection is indicated.

4. Upon receipt and review of your licensing application, you may be contacted by a licensing consultant regarding any missing information and to schedule a preliminary licensing site visit for those programs requiring an on site inspection. (See Section B below, *Preparing for the Preliminary Inspection*)
5. When preliminary licensing activities are completed, the licensing consultant will either make a recommendation for a *Temporary Permit* and/or tell you which rules are not in compliance. The consultant will assist you in correcting the areas of noncompliance so that your program may receive a *Temporary Permit*. The *Temporary Permit* is for 90 days and authorizes your program to initiate services.

Toward the end of the 90 day period, a second on-site inspection may take place, if necessary. The rules which were not covered at the preliminary inspection will be reviewed. Client files will also be reviewed at this time. You must have at least *five* client files available for review. If you are not in compliance with the rules or do not have enough client files for the consultant to review and determine whether you are in compliance, you will be recommended for a *Provisional License* for up to a three month period. This will allow you time to correct any deficiencies the consultant may find.

If, at the end of the “provisional” period the program has not been able to correct the deficiencies, the license will expire and you may reapply and start the process again.

Listed below are the explanations for each part of the administrative rules. Your administration must develop policies for each section of the rules that apply to the type of services that you will be providing. **Every substance abuse program must develop policies for Part 1 below, *General Provisions* and Part 3, *Recipient Rights*.** All other policies that must be developed will be determined by what levels of care the program is going to provide. For example, if a program is going to offer outpatient services they must develop policies for Part 1, *General Provisions*, Part 3, *Recipient Rights* and Part 7, *Outpatient Programs*.

## **B. PREPARING FOR THE PRELIMINARY INSPECTION**

In order to help you prepare for your preliminary inspection, a brief description of each part and the specific rules which the licensing consultant will be reviewing are listed below.

### **Part 1. General Provisions**

This part includes administrative requirements such as the development of the program's operating procedures manual; the governing authority, its by-laws; personnel management, program evaluation; staff development; confidentiality of patient records; and program closure policies.

*Preliminary Inspection Rules:* 105(1), 107, 108, 109(1-2), 110, 111(1-3), 112(1,3,5,7-9), 113(2), 114(1-2), 115(1-3), 117(1,2,4)

### **Part 2. Licensure Of Substance Abuse Programs**

This part governs the actions of the SAL section, explains the license application and its processing, investigation and inspections; denial, suspension, or revocation of licenses; administrative actions; terms and types of licenses; and process for rule waivers.

### **Part 3. Recipient Rights**

This part defines Rights policies and procedures; orientation of program staff on Rights policies; appointments of Rights advisor; process to be used for programs which restrict clients' rights; informing clients of their rights; responding to recipient right complaints; access to client records; and client rights in general.

*Preliminary Inspection Rules:* 302(1,3-4,7-8), 305(2), 306(2,4-8) if applicable to your program.

### **Part 4. Methadone Treatment and Other Chemotherapy**

"Methadone Treatment means chemotherapy using the drugs methadone or LAAM (levo-alpha-acetylmethadol) as rehabilitation tools in conjunction with other treatment and rehabilitation care." (14102[f])

Part 4 explains the medical requirements of methadone services; medical requirements for admission; urinalysis; drug screens; detoxification treatment; take-home medication requirements; security of drug stocks; dispensing requirements; and qualification of staff to perform various functions.

In order to be licensed as a Methadone provider, a program must also be licensed to provide Substance Abuse outpatient services. In addition, approvals are required from the State Board of Pharmacy, the Federal Food and Drug Administration and Federal Drug Enforcement Agency.

Further information pertaining to Methadone rules should be obtained directly from the State Methadone Authority by calling (517) 241-2609 or Michigan Department of Community Health, Substance Abuse Licensing Section at (517) 241-1970.

## **Part 5. Prevention**

“Prevention services means services that reduce the risk that an individual will develop problems which might require that he or she enter the substance abuse treatment system.” (14102[h])

**Subpart 1. CAIT** (Community Change, Alternatives, Information and Training). Programs licensed as CAIT must also meet the requirements under General Provisions and Recipient Rights. This is the only licensable service that allows the program to provide services anywhere in the State of Michigan.

*Preliminary Inspection Rules:* 501(1-3)

**Subpart 2. Problem Assistance.** Programs licensed under Problem Assistance must also meet requirement in General Provisions and Recipient Rights.

*Preliminary Inspection Rules:* 521, 522(1,3), 523, 524, 525, 526, 527, 529, 530(1-2)

## **Part 6. Casefinding**

**Subpart 1. SARF** (Screening, Assessment, Referral and Follow-Up). Programs licensed under SARF must also meet the requirements stated in the General Provisions and Recipient Rights.

Be sure to initiate written referral agreements for all the resources listed in Rule 601(2).

*Preliminary Inspection Rules:* 601(1-3), 602. Also a model monthly log should be available at the preliminary inspection.

**Subpart 2. Organizational Development** Programs licensed under Organizational Development must also meet the requirements stated under the General Provisions and Recipient Rights.

The requirements of this subpart are maintaining records on activities performed.

*Preliminary Inspection Rules: 621, 623*

## **Part 7. Outpatient**

Outpatient care is scheduled, periodic services, including diagnosis and therapy, in a non-residential setting.

The requirements of this part define counselor/client ratios; admission criteria; information to be collected during the assessment process; medical information; psychosocial assessments; treatment plans; progress notes, discharge summaries; aftercare plans; maintenance of client case records; and support and rehabilitative services.

Programs licensed for Outpatient services must also meet the requirements stated in the General Provisions and Recipient Rights.

*Preliminary Inspection Rules: 701(2,4), 702(2), 711(2,3,5), 712(1)*

## **Part 8. Inpatient (only licensed hospitals)**

Inpatient care is substance abuse treatment services provided to persons within a hospital setting under medical supervision. Inpatient care may include both emergency services and non-emergency services. Inpatient care must be provided in hospitals operated by the Michigan Department of Community Health.

The requirements of this part define counselor/client ratios; information to be collected during assessment process; physical examination; treatment plans; progress notes; client activities; and support and rehabilitation services.

Programs licensed as Inpatient must also meet the requirements stated in General Provisions and Recipient Rights.

*Preliminary Inspection Rules: 801, 802, 804, 806, 807(1-2)*

## **Part 9. Residential**

### **Subpart 1: General Provisions**

Residential care is substance abuse services that are provided in a full or partial residential setting. Such services may be supplemented with diagnostic services, counseling, vocational rehabilitation, work therapy, or other services which are judged valuable to clients in a therapeutic setting. Residential care may not be provided in beds also licensed by the Michigan Department of Community Health as psychiatric or acute care.

The requirements of this part define counselor/client ratios; admission criteria; information to be collected during assessment process; medical information; psychosocial assessments; treatment plans; progress notes; client activities; discharge summaries; aftercare plans; maintenance of client case records; and support and rehabilitative services.

Programs licensed as Residential must also meet the requirements stated in General Provisions and Recipient Rights.

*Preliminary Inspection Rules:* 901(1-2), 902 (1,3), 903(2), 906, 908(1-2), 910(2-3)

## **Subpart 2: Approved Service Programs**

This service category is designed to divert persons incapacitated by the abuse of alcohol from the criminal justice system to the health care system. It is also a requirement for programs which wish to detoxify clients from alcohol or other drugs.

The requirements of this subpart are development of policies and procedures for medical triage, evaluation, treatment protocols, transporting patients; staff development; medical record keeping; physician responsibilities; and documentation of protective custody.

A program wishing to be licensed under this subpart must meet the requirements of the General Provisions, Recipient Rights and Residential Part 1.

*Preliminary Inspection Rules:* 921(1-2), 923(1-4), 925(1-3), 926, 927(6-7,10)

We have tried to give you as much information as possible about the licensing process and requirements to be considered. If you have any questions, please feel free to contact the Substance Abuse Licensing Section at (517) 241-1970 and talk to a licensing consultant.



## DEFINITIONS OF TERMS IN THE SUBSTANCE ABUSE LICENSE APPLICATION

### LICENSED SERVICE CATEGORIES

**Prevention** – Services that reduce the risk that an individual will develop problems which might require that he or she enter the substance abuse treatment system.

**Prevention-CAIT** – A prevention service that provides at least one of the following services:

**Prevention-Community Change** – Planned efforts which are designed to change specific conditions so as to reduce the probability that substance use problems will occur among residents of the community.

**Prevention-Alternatives** – Providing planned non-treatment personal growth activities which are designed to help a participant meet his or her own Personal needs *and* to reduce the risk of developing problems which might require that he or she enter the substance abuse treatment system.

**Prevention-Information** – Providing information to the public which is designed to reduce the risk that an individual will develop problems which might require that he or she enter the substance abuse treatment system.

**Prevention-Training** – Providing activities designed to improve the personal and social skills of a person who wishes to avoid substance use problems or who is in a position to help others avoid problems with substance use.

**Prevention-Problem Assistance** – Helping a person with an acute personal problem involving or related to substance abuse to reduce the risk that the person might be required to enter the substance abuse treatment system.

**Casefinding** – The process of systematically interacting with the community for the purposes of identifying persons in need of services, alerting persons and their families to the availability of services, locating needed services, and enabling persons to enter the service delivery system.

**Casefinding-Organizational Development** – Planned efforts designed to change specific community or organizational conditions so that the probability increases that persons with substance use problems will obtain appropriate treatment. The targets of organizational development activity are those various institutions and groups existing in each community which are not currently integrated into the substance abuse service delivery network.

**Casefinding-Screening, Assessment, Referral, and Follow Up (SARF)** – Means the performance of a range of activities necessary to make preliminary assessments of problems. The object of these activities, which may include interviews, psychological tests, and other diagnostic or assessment tools, is to effect referrals to appropriate treatment or assistance resources if indicated.

**Treatment** – An emergency, outpatient, intermediate, or inpatient service and care, and may include diagnostic evaluation, medical, psychiatric, psychological, social service care, and referral services which may be extended to an individual who is or appears to be incapacitated.

**Outpatient Care** – Scheduled, periodic care, including diagnosis and therapy, in a non-residential setting. Correctional institutions are considered non-residential settings.

**Methadone Treatment** – Chemotherapy using the drugs methadone or LAAM (levo-alpha-acetylmethadol) as rehabilitation tools in conjunction with other treatment and rehabilitation care.

**Inpatient Care** – Substance abuse treatment services that are provided to a person within a hospital setting under medical supervision. Inpatient care may include both emergency services and non-emergency services. Inpatient care is provided in hospitals operated by or **in beds licensed by the Michigan Department of Community Health**.

**Residential Care** – Substance abuse services that are provided in a full or partial residential setting. Such services may be supplemented with diagnostic services, counseling, vocational rehabilitation, work therapy, or other services which are judged to be valuable to clients in a therapeutic setting.